

# **Alaska Power Administration**

**Department of Energy**  
**FY 1998 Budget Request to Congress**  
(discretionary dollars in thousands)

	FY 1996 Current Appropriation	FY 1996 Comparable Appropriation	FY 1997 Current Appropriation	FY 1997 Comparable Appropriation	FY 1998 Request
Power Marketing Administrations:					
Alaska Power Administration					
Alaska power administration	4,245	4,245	4,000	4,000	1,000
Transition and termination	5,500	5,500	—	—	—
Total, Alaska Power Administration	9,745	9,745	4,000	4,000	1,000
Southeastern power administration	29,851	29,851	27,445	27,445	16,222
Southwestern power administration	30,702	30,702	27,804	27,804	26,500
Western Area Power Administration					
Western area power administration	275,939	276,282	248,691	248,691	229,964
Transfer of current authority from DOI	4,556	4,556	3,774	3,774	—
Total, Western Area Power Administration	280,495	280,838	252,465	252,465	229,964
Falcon & Amistad Operating & Maintenance Fund	1,000	1,000	970	970	1,065
Colorado River Basin Power Marketing Fund					
Spending authority from offsetting collections	123,276	123,276	120,431	120,431	124,786
Offsetting collections	-123,276	-123,276	-130,431	-130,431	-140,884
Total, Colorado River Basin	—	—	-10,000	-10,000	-16,098
Subtotal, Power Marketing Administrations:	351,793	352,136	302,684	302,684	258,653
Use of prior year balances	-35,210	-35,210	-68,789	-68,789	-21,630
Total, Power Marketing Administrations	316,583	316,926	233,895	233,895	237,023
<i>Bonneville Power Administration (non-add)</i>					
Budget authority	(-194,000)	(-194,000)	(-14,000)	(-14,000)	(-41,000)
Capital obligations	(161,000)	(161,000)	(277,000)	(277,000)	(253,000)

DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
ALASKA POWER ADMINISTRATION

PROPOSED APPROPRIATIONS LANGUAGE

Operation and Maintenance, Alaska Power Administration

For necessary expenses of operations and maintenance of projects in Alaska and of marketing electric power and energy, [\$4,000,000] \$3,000,000  
to remain available until expended. (Energy and Water Development Appropriations Act, 1997.)

**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
ALASKA POWER ADMINISTRATION**

**EXECUTIVE BUDGET SUMMARY**

Mission

**MISSION STATEMENT:** **Alaska Power Administration (APA)** will continue to encourage economic and industrial development in Alaska through implementing the sale of APA assets in a manner consistent with the authorizing legislation while balancing all the stakeholders' interests. Alaska Power Administration will provide our employees opportunities for successful career transitions and conduct an efficient transfer of assets and closeout of APA, while continuing to provide our customers reliable, low-cost hydroelectric energy during the transition.

Strategy

Alaska Power Administration markets power produced at its two hydroelectric generating projects located within the State of Alaska. The 30-mW Eklutna Project, authorized by the Eklutna Project Act of 1950, as amended, is located near Palmer, Alaska, about 34 miles northeast of Anchorage. The 78-mW Snettisham Project, authorized by the 1962 Flood Control Act, as amended, is located in a remote area about 45 miles southeast of Juneau, Alaska. Preference is given in the sale of the power to public bodies and cooperatives. Alaska Power Administration owns and operates all of its generation and transmission facilities.

The **GOALS** of Alaska Power Administration are to:

1. Operate, maintain, and market maximum energy production from the Eklutna and Snettisham Projects in an efficient, reliable, safe, and environmentally-sensitive manner for our customers, and minimize long-term costs while protecting the Federal investment; AND
2. Successfully complete the legislative mandate of the Alaska Power Administration Asset Sale and Termination Act in the most effective and efficient manner possible, balancing the interests of both our ratepayers and the Federal taxpayers.

The **OBJECTIVES** related to these goals can best be described by our **VISIONS** for (1) Employee Career Transition, (2) Asset Sales and Termination, and (3) Power Operations, Maintenance, and Marketing:

- (1) Alaska Power Administration and employees worked together to successfully complete career transition for all employees.
- (2) Alaska Power Administration faced and dealt with the transfer of assets and the termination of APA in an open and effective manner, capitalizing on opportunities for our people. We were recognized as a team that performed to the highest standards possible while completing its mission, and have ensured that the energy resources we provide continue to be enjoyed by the people of Alaska.
- (3) Alaska Power Administration will operate and maintain its facilities in a safe and environmentally-sensitive manner that contributes to the development and use of reliable, clean, and economically competitive electric energy in Alaska during the transition period.

## **EMERGENCY FUND**

The FY 1998 request assumes \$200,000 in emergency funds, appropriated in FY 1984 to ensure continuity of service, will remain available in FY 1998 for that purpose. In the event the use of emergency funds is necessary during FY 1997, immediate restoration of the emergency funds will be requested to maintain APA's financial flexibility to respond to unplanned events during the transition period.

## **PERFORMANCE MEASURES:**

Performance measures for the Alaska Power Administration have focused on debt service and repayment, net cash flow, and system (generation and transmission) reliability. **For FY 1998, performance will be measured by the extent to which the Alaska Power Administration Asset Sale and Termination Act will have been successfully implemented.** Performance has been measured and reviewed monthly and reported annually, summarized as follows:

DEBT SERVICE - Annual revenues were sufficient to pay all annual operations and maintenance expenses, all interest expenses, and provide principal payments of \$2,128,568 to apply against the unpaid Federal investment, and \$1,389,122 to apply against deferred Crater Lake interest. The debt service coverage ratio for FY 1996 was 130.6% and the average debt service coverage ratio for the last five fiscal years was 117.4%.

REPAYMENT - The cumulative Federal investment through the end of FY 1996 is \$208.7 million. The unpaid balance remaining due to the U.S. Treasury is \$162.3 million in principal, unpaid replacements, and deferred Crater Lake interest. Individually, the Eklutna Project has repaid 85.3% of its investment and the Snettisham Project has repaid 9.8% of its investment.

NET CASH FLOW - In FY 1996, APA revenues received exceeded cash outlays by \$8.6 million.

SYSTEM RELIABILITY - In FY 1996, the generation and transmission systems maintained average availability rates of 99.97%. Over the past five years, APA has been able to maintain an availability rate of over 99% for both the generation and transmission systems.

#### Major Changes

- Alaska Power Administration is in the process of implementing the Alaska Power Administration Asset Sale and Termination Act (Public Law 104-58). This law authorizes and directs the Secretary of Energy to sell the assets of the Alaska Power Administration and to subsequently terminate the Administration. The Snettisham Project will be sold to an agency of the State of Alaska and the Eklutna Project will be sold to the three current power customers, (Anchorage) Municipal Light and Power, Chugach Electric Association, Inc., and Matanuska Electric Association, Inc. This budget request is to provide for administration and continued operations and maintenance of both projects during remaining Federal ownership. If both transactions take place before the end of FY 1998, any unobligated appropriations will be returned to the Treasury of the United States, in accordance with the provisions of the Alaska Power Administration Asset Sale and Termination Act.
- APA has remained within the allocated FTE ceiling and will continue to conduct a position analysis as each vacancy occurs to determine the most effective way to continue to perform necessary functions, whether by filling the vacancy or by utilizing alternative methods (i.e. detail of a current Federal employee, IPA assignment of a State of Alaska or local government employee, contract, etc.) to accomplish needed work. Based on current expectations, we will achieve the following FTE targets:

<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>
26	32	11

**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
ALASKA POWER ADMINISTRATION  
(Tabular dollars in thousands, Narrative in whole dollars)**

**ALASKA POWER ADMINISTRATION**

**PROGRAM MISSION**

**MISSION STATEMENT:** **Alaska Power Administration (APA)** will continue to encourage economic and industrial development in Alaska through implementing the sale of APA assets in a manner consistent with the authorizing legislation while balancing all the stakeholders' interests. Alaska Power Administration will provide our employees opportunities for successful career transitions and conduct an efficient transfer of assets and closeout of APA, while continuing to provide our customers reliable, low-cost hydroelectric energy during the transition.

Alaska Power Administration markets power produced at its two hydroelectric generating projects located within the State of Alaska. The 30-mW Eklutna Project, authorized by the Eklutna Project Act of 1950, as amended, is located near Palmer, Alaska, about 34 miles northeast of Anchorage, Alaska. The 78-mW Snettisham Project, authorized by the 1962 Flood Control Act, as amended, is located in a remote area about 45 miles southeast of Juneau, Alaska. Preference is given in the sale of the power to public bodies and cooperatives. Alaska Power Administration owns and operates all of its generation and transmission facilities.

Alaska Power Administration is in the process of implementing the Alaska Power Administration Asset Sale and Termination Act (Public Law 104-58). This law authorizes and directs the Secretary of Energy to sell the assets of the Alaska Power Administration and to subsequently terminate the Administration. This budget request is to provide for administration and continued operations and maintenance of both projects during remaining Federal ownership. If both transactions take place before the end of FY 1998, any unobligated appropriations will be returned to the Treasury of the United States, in accordance with the provisions of the Alaska Power Administration Asset Sale and Termination Act.

The **GOALS** of Alaska Power Administration are to:

1. Operate, maintain, and market maximum energy production from the Eklutna and Snettisham Projects in an efficient, reliable, safe, and environmentally-sensitive manner for our customers, and minimize long-term costs while protecting the Federal investment; AND
2. Successfully complete the legislative mandate of the Alaska Power Administration Asset Sale and Termination Act in the most effective and efficient manner possible, balancing the interests of both our ratepayers and the Federal taxpayers.

The **OBJECTIVES** related to these goals can best be described by our **VISIONS** for (1) Employee Career Transition, (2) Asset Sales and Termination, and (3) Power Operations, Maintenance, and Marketing:

- (1) Alaska Power Administration and employees worked together to successfully complete career transition for all employees.
- (2) Alaska Power Administration faced and dealt with the transfer of assets and the termination of APA in an open and effective manner, capitalizing on opportunities for our people. We were recognized as a team that performed to the highest standards possible while completing its mission, and have ensured that the energy resources we provide continue to be enjoyed by the people of Alaska.
- (3) Alaska Power Administration will operate and maintain its facilities in a safe and environmentally-sensitive manner that contributes to the development and use of reliable, clean, and economically competitive electric energy in Alaska during the transition period.

## **EMERGENCY FUND**

The FY 1998 request assumes \$200,000 in emergency funds, appropriated in FY 1984 to ensure continuity of service, will remain available in FY 1998 for that purpose. In the event the use of emergency funds is necessary during FY 1997, immediate restoration of the emergency funds will be requested to maintain APA's financial flexibility to respond to unplanned events during the transition period.

## **PERFORMANCE MEASURES:**

Performance measures for the Alaska Power Administration have focused on debt service and repayment, net cash flow, and system (generation and transmission) reliability. **For FY 1998, performance will be measured by the extent to which the Alaska Power Administration Asset Sale and Termination Act will have been successfully implemented.** Performance has been measured and reviewed monthly and reported annually, as follows:

DEBT SERVICE - Annual revenues were sufficient to pay all annual operations and maintenance expenses, all interest expenses, and provide principal payments of \$2,128,568 to apply against the unpaid Federal investment and \$1,389,122 to apply against deferred Crater Lake interest. The principal payment was up 31% over the amount planned to be repaid. The principal paid was \$499,042 more than planned, resulting in a debt service coverage ratio for FY 1996 of 130.6%. The average debt service coverage ratio for the last five fiscal years was 117.4%.

REPAYMENT - The cumulative Federal investment through the end of FY 1996 is \$208.7 million. This includes project principal and replacements. Over the life of the two projects, the ratepayers have repaid \$46.4 million in principal and replacements, in addition to \$83.4 million in interest and \$61.5 million for operations and maintenance. The unpaid balance remaining due to the U.S. Treasury is \$162.3 million in principal, unpaid replacements, and deferred Crater Lake interest. Individually, the 41-year-old Eklutna Project has repaid 85.3% of its investment and the much younger and more expensive Snettisham Project has repaid 9.8% of its investment.

NET CASH FLOW - The net cash flow to the U.S. Treasury measures APA's receipts less actual cash outlays for operations and maintenance of the facilities. In FY 1996, APA revenues received exceeded cash outlays by \$8.6 million.

SYSTEM RELIABILITY - The availability rate APA uses as a performance indicator is derived by using the North American Electric Reliability Council-recognized formula for calculating an unweighted Forced Outage Ratio (FOR). The availability rate is determined by subtracting the FOR from a perfect



availability of one hundred percent (100%). In FY 1996, both the generation and transmission system maintained an average availability rate of 99.97%. This resulted in APA being able to maintain an outstanding rate for its generation and transmission systems. Over the past five years, APA has been able to maintain an average reliability rate of over 99% for both the generation and transmission systems.

#### SIGNIFICANT ACCOMPLISHMENTS AND PROGRAM SHIFTS:

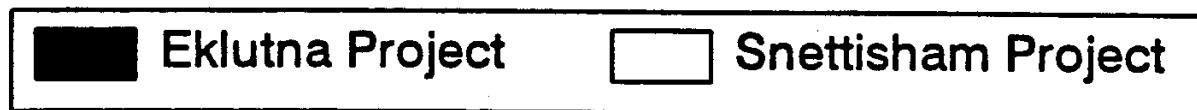
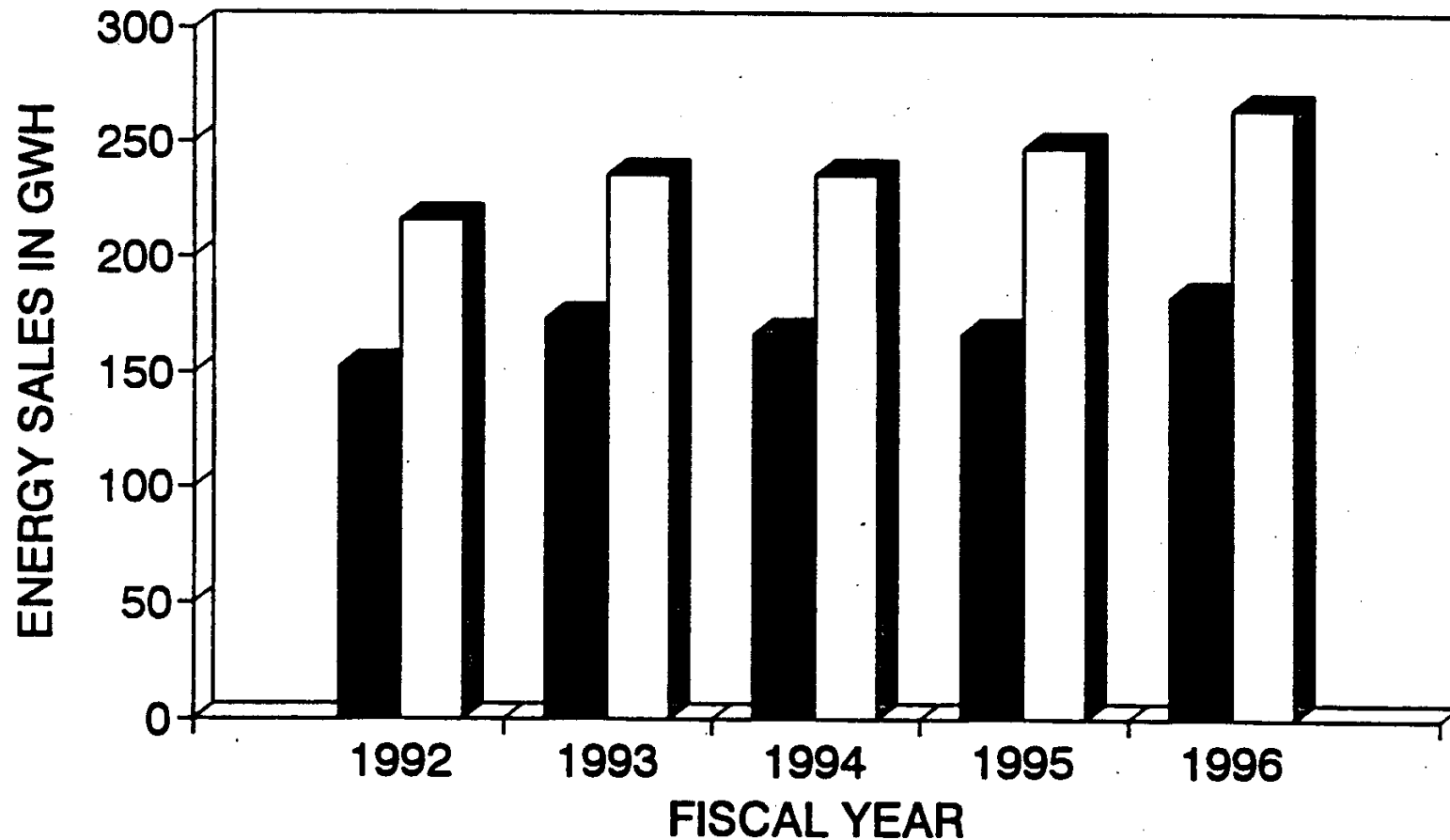
- Public Law 104-58, signed by the President on November 28, 1995, authorizes and directs the sale of Alaska Power Administration assets and the subsequent termination of the Administration. The Snettisham Project will be sold to an agency of the State of Alaska and the Eklutna Project will be sold to the three current power customers: (Anchorage) Municipal Light and Power, Chugach Electric Association, Inc., and Matanuska Electric Association, Inc. While APA continues to work toward a target date for completion of the sale of both projects of **November 28, 1997**, continued operations and maintenance of the projects while under Federal ownership will remain a priority. As such, the FY 1998 budget request will provide the minimum personnel and financial resources necessary for the continuation of the operations, maintenance, and power marketing programs at APA until final transfer of both projects.
- APA has remained within the allocated FTE ceiling and will continue to conduct a position analysis as each vacancy occurs to determine the most effective way to continue to perform necessary functions, whether by filling the vacancy or by utilizing alternative methods (i.e. detail of a current Federal employee, IPA assignment of a State of Alaska or local government employee, contract, etc.) to accomplish needed work. Based on current expectations, we will achieve the following FTE targets:

<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>
26	32	11

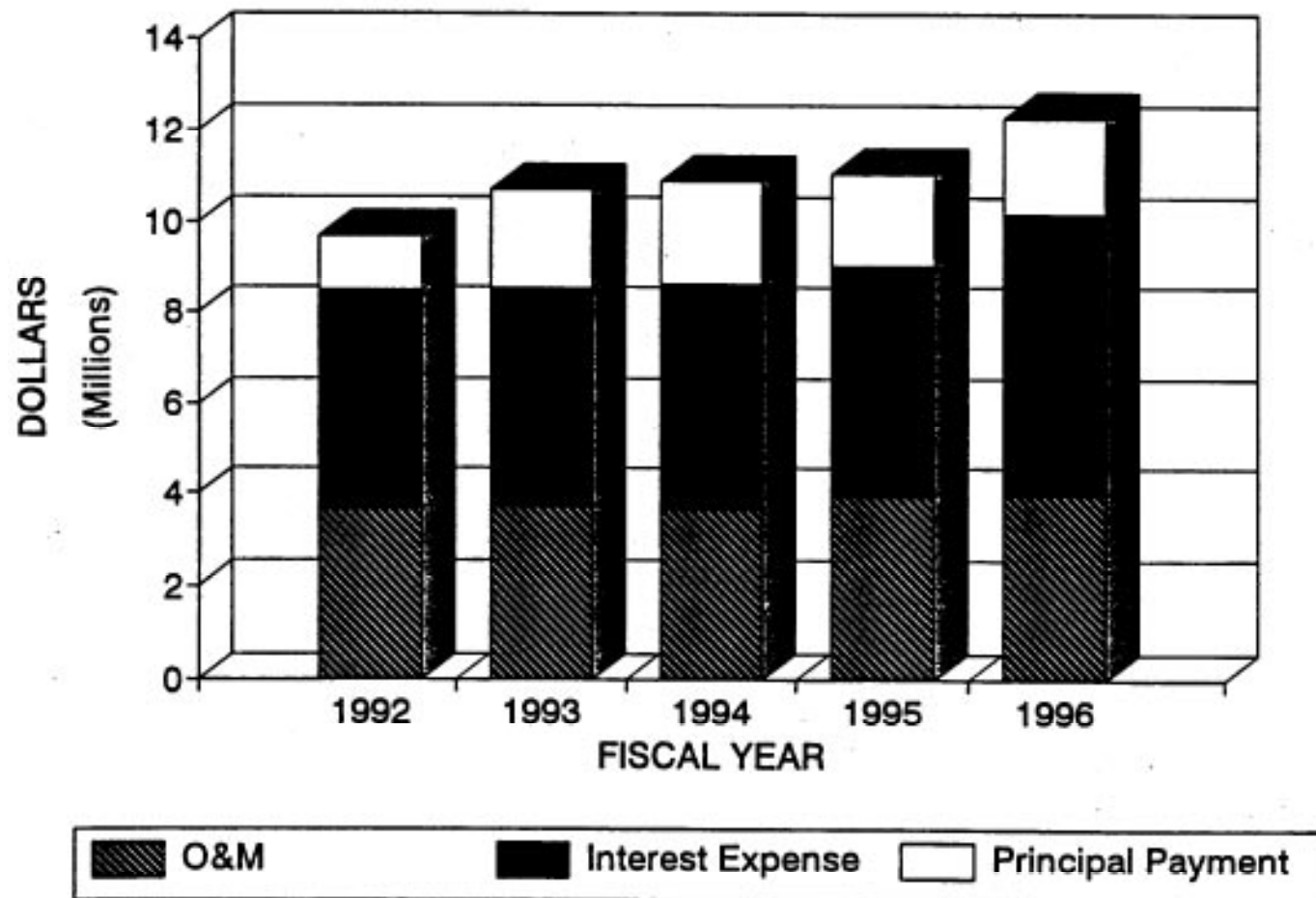
- Several recent steps have been taken on the path to full implementation of the APA Asset Sale and Termination Act. Transition and termination funding of \$5.5 million was provided through an appropriations transfer signed into law on March 26, 1996, as P.L. 104-134. A comprehensive Eklutna Transition Plan, required by the Eklutna Purchase Agreement, was signed by the three purchasers and APA on May 28, 1996. Negotiations have begun on a similar plan for the Snettisham Project. A comprehensive survey of Eklutna Project lands has recently been completed. An agreement with the Eklutna purchasers to contract with them for all operations, maintenance, and replacements at the Eklutna Project was implemented on October 1, 1996. We continue to negotiate an agreement, similar to the agreement in place for the Eklutna Project, on turning over operations and maintenance responsibilities for the Snettisham Project to the purchasers/customers.
- Consistent with the transition of operations and maintenance activities to the purchasers/customers, actions have been taken to "rightsize" APA staffing. Staffing levels have been reduced from a level of 31 in the summer of 1996 to a current level of 11 on board. This significant reduction has been possible as normal operations and maintenance activities have been contracted (either through direct customer funding or net billing) to the purchasers/customers in anticipation of final asset sales to them. Of the twenty employee separations experienced so far, only one employee has been unable to find other employment or be placed in another U. S. Civil Service position. Four additional separations are scheduled by the end of March, 1997. Additional staff reductions are possible later in FY 1997. Also, we recently relinquished approximately 66% of our office space in Juneau, consistent with the staffing reductions.

# ENERGY SALES

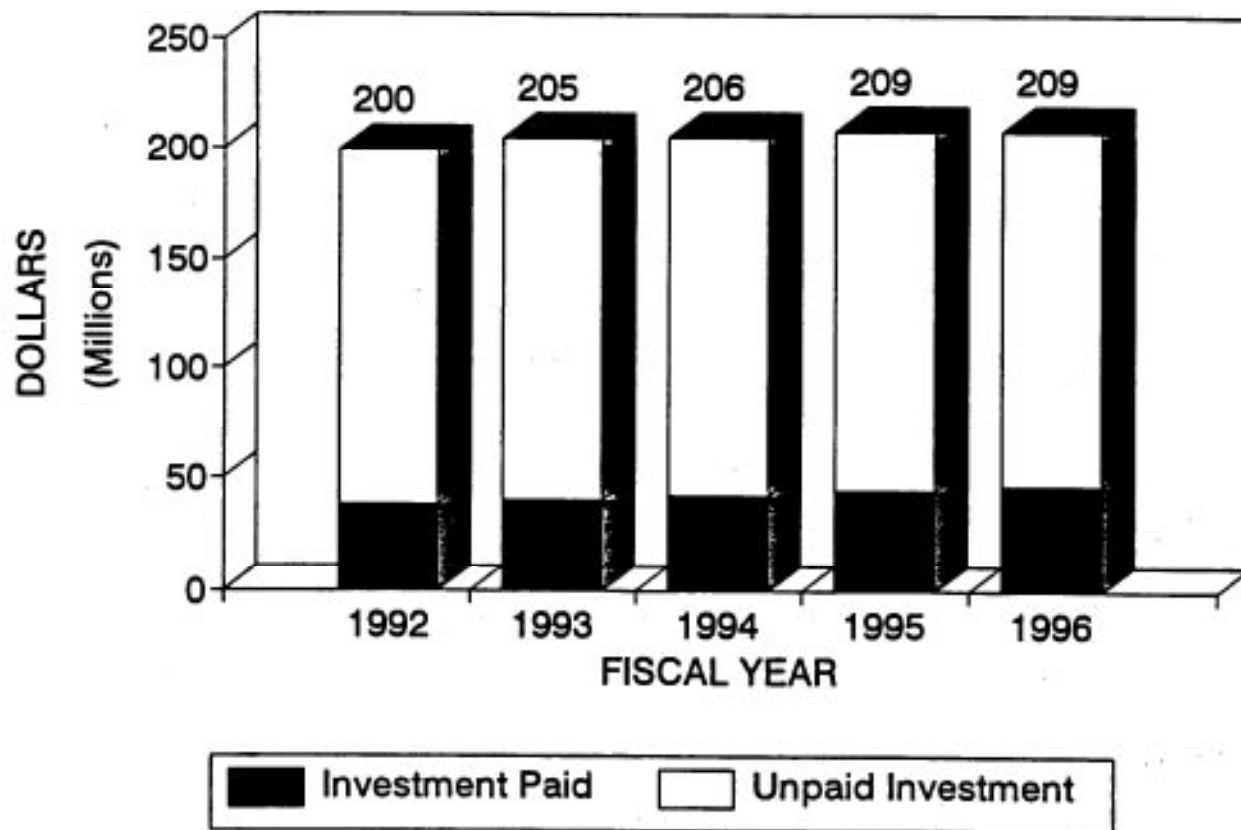
## EKLUTNA AND SNETTISHAM PROJECTS



# APA REVENUES APPLIED

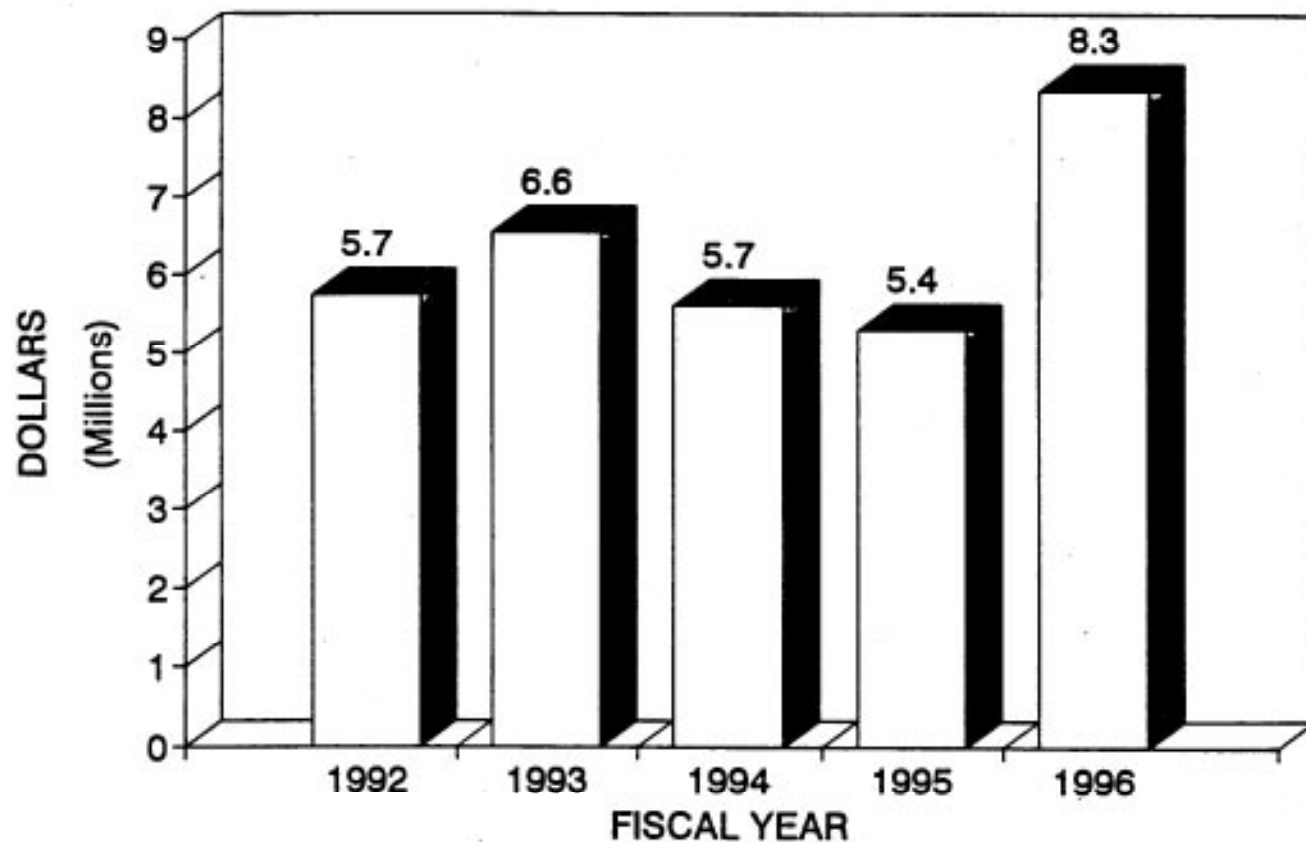


# CUMULATIVE FEDERAL INVESTMENT PAID AND UNPAID



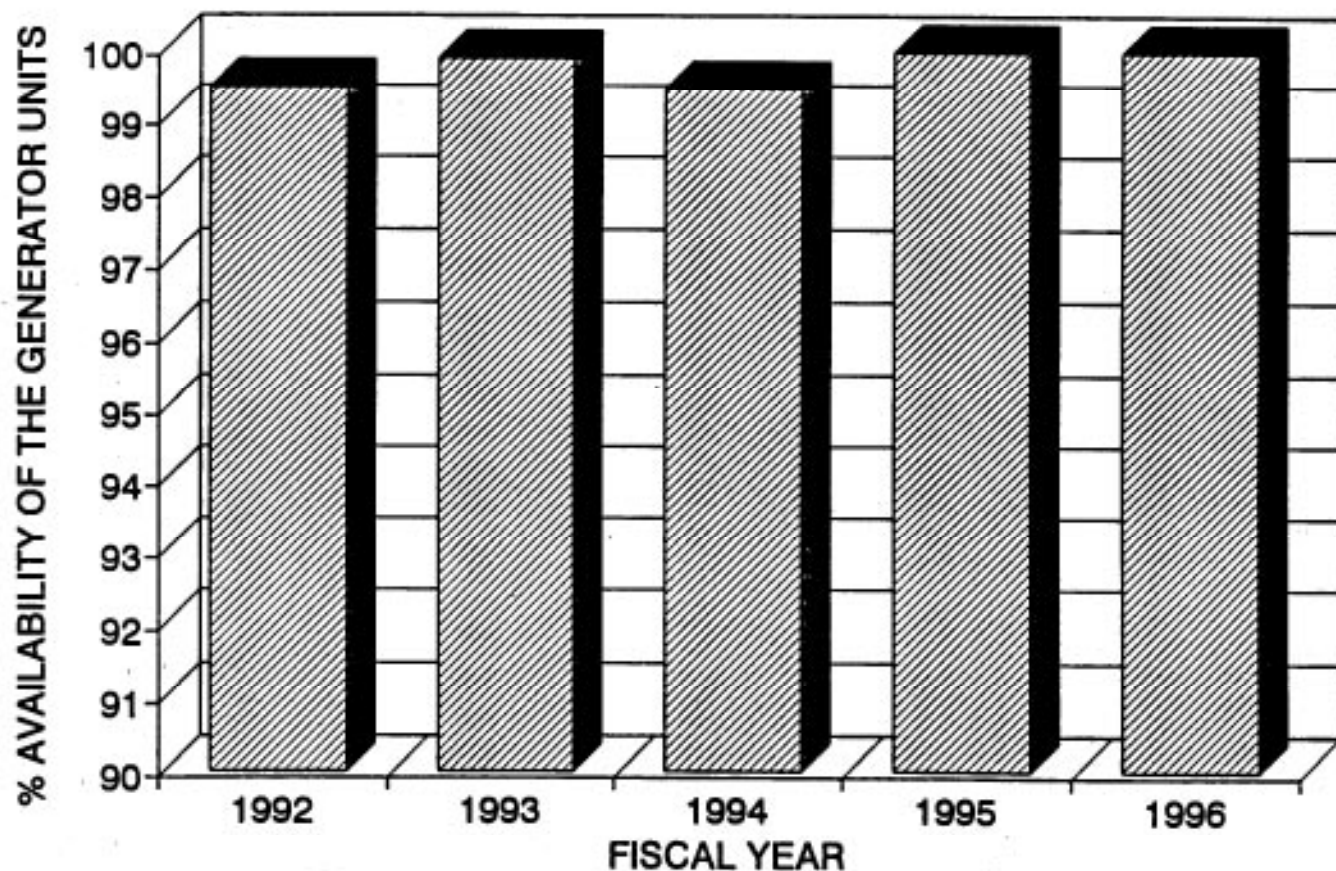
# APA COMBINED PROJECTS

## NET CASH FLOW TO TREASURY



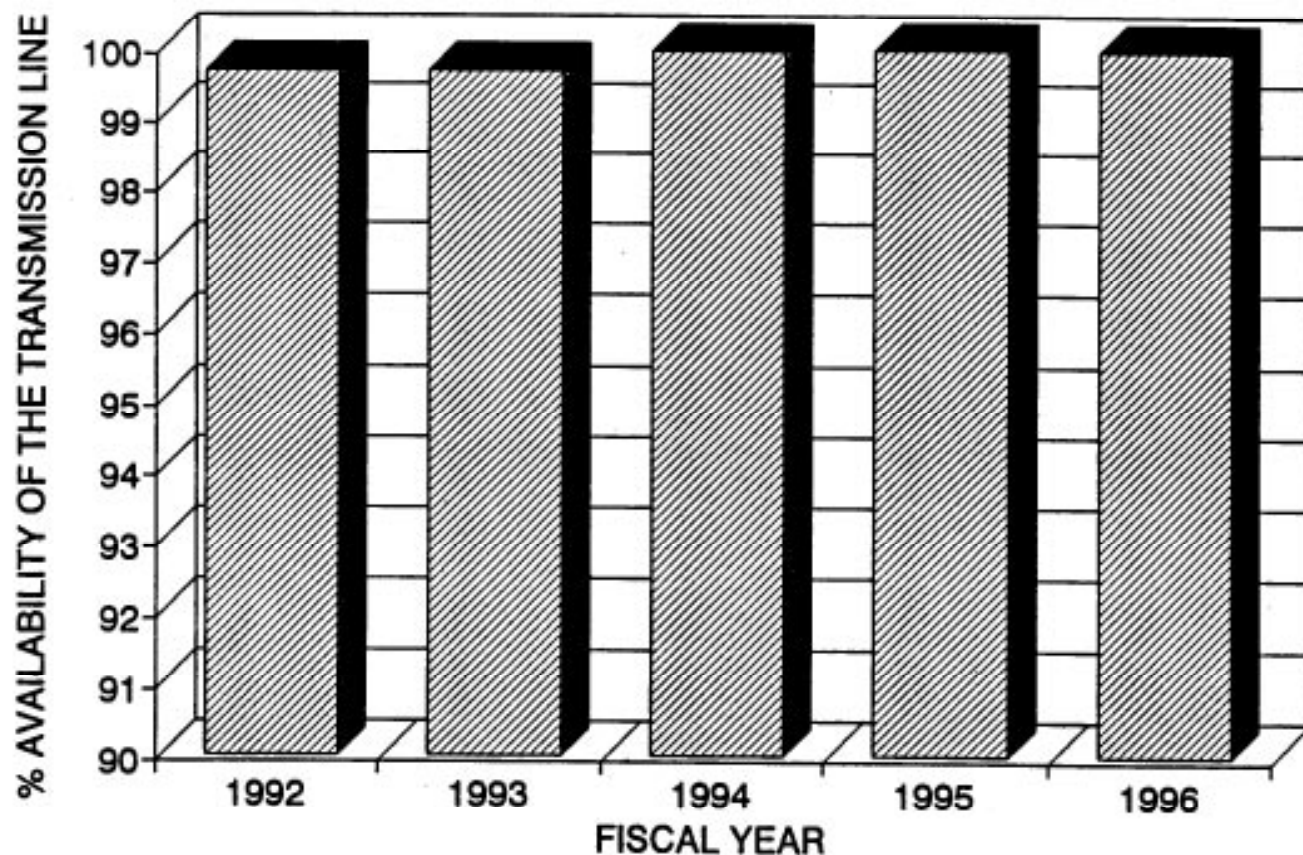
# APA COMBINED SYSTEMS

## GENERATION, AVAILABILITY RATE



# APA COMBINED SYSTEMS

## TRANSMISSION, AVAILABILITY RATE



DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
ALASKA POWER ADMINISTRATION

PROGRAM FUNDING PROFILE  
(dollars in thousands)

Sub-program	FY 1996 Current Appropriation	FY 1997 Original Appropriation	FY 1997 Adjustments	FY 1998 Budget Request
Operation and Maintenance	\$4,245	\$0	\$0	\$0
Program Direction	0	4,000	0	1,000
Transition and Termination	5,500	0	0	0
Subtotal, APA	\$9,745	\$4,000	\$0	\$1,000
Adjustment	0	0	0	0
TOTAL, APA (One Site)	\$9,745 =====	\$4,000 =====	\$0 =====	\$1,000 =====

Public Law Authorizations:

Pub. Law 95-91, DOE Organization Act (1977), Section 302

Eklutna Project Act July 31, 1950, (64 Stat. 382)

1962 Flood Control Act, Section 204 (82 Stat. 875)

Pub. Law 104-58, Title I, Alaska Power Administration Asset Sale and Termination Act

Pub. Law 104-188, Section 1804, Small Business Job Protection Act of 1996 (110 Stat 1755)



**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
ALASKA POWER ADMINISTRATION**

**OPERATION AND MAINTENANCE**  
(Dollars in thousands)

I. Mission Supporting Goals and Objectives:

In past years, Alaska Power Administration's (APA) operation and maintenance program has protected the Federal investment in the two projects while ensuring that they generate and transmit reliable electric power in an environmentally-sensitive, yet cost-effective manner. This has been achieved by maintaining the power plants and transmission lines and substations at or above industry standards, while mitigating any adverse environmental impacts through monitoring and containment programs. As of September 30, 1996, the projects represent a cumulative Federal investment, including replacements, of \$208.7 million. Through FY 1996, \$46.4 million has been repaid, in addition to \$83.4 million in interest. While continued operation and maintenance of the projects remains the highest priority throughout this transition to new ownership, financial and personnel resources are now requested in the Program Direction budget activity.

II. Funding Schedule:

Program Activity	FY 1996	FY 1997	FY 1998	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Operation and Maintenance	\$ 4,245	\$ 0	\$ 0	\$ 0	0
	-----	-----	-----	-----	-----
Total, Operation and Maintenance	\$ 4,245	\$ 0	\$ 0	\$ 0	0
	=====	=====	=====	=====	=====

III.	<u>Performance Summary - Accomplishments Operation and Maintenance</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
	<u>FY 1996:</u>			
	• Continued operations, maintenance, replacement, and improvement programs at both Eklutna and Snettisham Projects.	\$2,663	\$0	\$0
	• Completed the emergency tower relocation associated with the FY 1994 landslide at the Snettisham project (using Net Billing authority).	0	0	0
	• Continued progress on the Eklutna unit winding replacement program (using funds provided in FY 1995).	0	0	0
	• Secured net-billing arrangements to cover costs of non-Federal operators and routine transmission line maintenance at both Eklutna and Snettisham Projects, and to begin labor replacement program at the Snettisham Project.	0	0	0
	• Perform right-of-way clearing and repairing of concrete in the Crater Lake power tunnel.	190	0	0
	• Provided administrative and management support.	1,392	0	0
	TOTAL Operation and Maintenance	\$4,245	\$0	\$0

IV. Explanation of Funding Changes from FY 1997 to FY 1998:

- There is **no funding requested** for the Operation and Maintenance activity in FY 1997 or in FY 1998. All funds requested to support APA's transition and termination were provided in FY 1996 and are included in the Transition and Termination activity and all normal operation and maintenance funding is included in the Program Direction activity.

**DEPARTMENT OF ENERGY**  
**FY 1998 CONGRESSIONAL BUDGET REQUEST**  
**ALASKA POWER ADMINISTRATION**  
**(Tabular dollars in thousands, Narrative in whole dollars)**  
**ALASKA POWER ADMINISTRATION PROGRAM DIRECTION**

I. Mission Supporting Goals/Ongoing Responsibilities

**MISSION STATEMENT:** **Alaska Power Administration (APA)** will continue to encourage economic and industrial development in Alaska through implementing the sale of APA assets in a manner consistent with the authorizing legislation while balancing all the stakeholders' interests. Alaska Power Administration will provide our employees opportunities for successful career transitions and conduct an efficient transfer of assets and closeout of APA, while continuing to provide our customers reliable, low-cost hydroelectric energy during the transition.

Alaska Power Administration markets power produced at its two hydroelectric generating projects located within the State of Alaska. The 30-mW Eklutna Project is located near Palmer, Alaska, about 34 miles northeast of Anchorage, and provides roughly 5% of the Anchorage and Matanuska-Susitna Valley area electrical load requirements. The 78-mW Snettisham Project is located in a remote area about 45 miles southeast of Juneau, Alaska, and currently provides about 80% of the Juneau area electrical load requirements. Preference is given in the sale of the power to public bodies and cooperatives. Alaska Power Administration owns and operates all of its generation and transmission facilities.

The Alaska Power Administration is in the process of implementing the Alaska Power Administration Asset Sale and Termination Act (Public Law 104-58). This law authorizes and directs the Secretary of Energy to sell the assets of the Alaska Power Administration and to subsequently terminate the Administration. The Snettisham Project will be sold to an agency of the State of Alaska and the Eklutna Project will be sold to the three current power customers: (Anchorage) Municipal Light and Power, Chugach Electric Association, Inc., and Matanuska Electric Association, Inc. This budget request is to provide for administration and continued operations and maintenance of both projects during remaining Federal ownership. If both transactions take place before the end of FY 1998, any unobligated appropriations will be returned to the Treasury of the United States, in accordance with the provisions of the Alaska Power Administration Asset Sale and Termination Act.

The FY 1998 Budget Request for the Program Direction activity provides for continued mission attainment and support for all Alaska Power Administration programs to ensure that all activities are conducted in the most effective and efficient manner possible at the lowest possible cost consistent with sound business principles. Program Direction has been grouped into four categories:

- Salaries and Benefits provides for funding of a staffing level of 11 Full-Time Equivalents. This staffing level will allow for oversight of normal operations and maintenance activities at both projects, as necessary, for as much of FY 1998 as the projects remain under continued Federal ownership. APA's actual staffing levels will depend upon the effectiveness of various employee placement and assistance programs, the extent to which alternative staffing arrangements can be utilized, and the timing of the transfers of the projects to non-Federal ownership.
- Travel provides for funding of the transportation of Government employees, their per diem allowances, and other incidental expenses related to travel for official business. It consists of travel away from official duty stations and local travel and transportation of persons. Travel purposes may include site visits, information meetings, training, presentations, conferences, relocation moves, etc.
- Support Services provides for funding of contractual services and related supplies and materials in support of mission accomplishment.
- Other Related Expenses provides for funding of all other expenses of APA, including the costs of space rental, communications, utilities and miscellaneous charges, printing, training, tuition, other contractual services, annual APA financial audit, operation and maintenance of equipment, purchases of goods and services from other government accounts, and supplies and materials.

II. Funding Table:

	<u>FY 1996 Enacted Appropriation</u>	<u>FY 1997 Original Appropriation</u>	<u>Adjustments</u>	<u>FY 1997 Final Appropriation</u>	<u>FY 1998 Budget Request</u>
Total APA					
Salary and Benefits	\$0	\$2,446	\$ 0	\$2,446	\$815
Travel	0	198	0	198	30
Support Services	0	451	0	451	35
Other Related Expenses	0	905	0	905	120
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Grand Total	\$0	\$4,000	\$ 0	\$4,000	\$1,000
Full-Time Equivalents	26	32	0	32	11
Budget Authority	\$0	\$4,000	\$ 0	\$4,000	\$1,000

Alaska Power Administration is in the process of implementing the Alaska Power Administration Asset Sale and Termination Act (Public Law 104-58). This law authorizes and directs the Secretary of Energy to sell the assets of the Alaska Power Administration and to subsequently terminate the Administration. This budget request is to provide for administration and continued operations and maintenance of both projects during remaining Federal ownership. If both transactions take place before the end of FY 1998, any unobligated appropriations will be returned to the Treasury of the United States, in accordance with the provisions of the Alaska Power Administration Asset Sale and Termination Act.

II. <u>Performance Summary - Accomplishments Program Direction:</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<p>Salaries and Benefits:</p> <p>Funding requested for FY 1996 and FY 1997 provided full range of administrative and management services in support of power operations, maintenance, and marketing activities. Funding requested in FY 1998 provides for full range of administrative and management services in support of power operations, maintenance, and marketing functions. Decrease of \$1,631,000 in Salaries and Benefits is due to the significant reduction in FTE's from 32 to 11 necessary to continue both remaining operations and maintenance for transition and termination efforts. The request is sufficient to ensure compliance with CFO Act requirements.</p>	\$0	\$2,446	\$ 815
<p>Travel:</p> <p>No funding requested for Travel in the Program Direction Activity in FY 1996. Funding in FY 1997 provides for continued cost-effective cooperative agreements for shared air charter services to Snettisham to cover costs of non-Federal operators and routine transmission line maintenance at both the Eklutna and Snettisham Projects, employee training, career counseling, assistance in placement, severance, relocation, and retention, as appropriate. Reduction in FY 1998 is consistent with reduced staffing levels and termination of APA.</p>	\$0	\$ 198	\$ 30
<p>Support Services:</p> <p>Funding requested in FY 1996 provided for continued operations, maintenance, replacement, and improvement programs at both the Snettisham and Eklutna Projects. Continued the full range of administrative and management services in support of power operations, maintenance, and marketing functions. Marketed and delivered 409 GWH of hydroelectric energy, providing total proprietary receipts of \$11,819,000 and continued cost-effective cooperative agreements for shared air charter services to the Snettisham Project to cover the costs of non-Federal operators and routine transmission line maintenance at both the Eklutna and Snettisham Projects. FY 1997 funding requested provides for continued normal operations and maintenance activities at each project to maintain the efficiency, reliability, and safety of the power systems until each project is transferred to non-Federal ownership, including settlement of all outstanding land, dam safety, historic preservation, and environmental issues. Market 386 GWH of hydroelectric energy, providing total proprietary receipts of \$8,916,000. FY 1998 request provides for continued remaining operations and maintenance activities at each project to maintain the efficiency, reliability, and safety of the power system until each project is transferred to non-Federal ownership. Market 200 GWH of hydroelectric energy, providing total proprietary receipts of \$6,984,000.</p>	\$0	\$ 451	\$ 35

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
Other Related Expenses:	\$0	\$ 905	\$ 120
Decrease of \$785,000 in Other Related Expenses reflects the effects on staffing and related costs of the enactment of Public Law 104-58. APA considers normal operations and maintenance costs to be in direct support of APA's transition and termination. Begin preparation of the final Report to Congress on closeout of the Alaska Power Administration.			
TOTAL Program Direction	<b>\$0</b>	<b>\$4,000</b>	<b>\$1,000</b>

IV. Explanation of Funding Changes from FY 1997 to FY 1998:

Program Direction funding for the Alaska Power Administration is reduced from \$4 million in FY 1997 to \$1 million in FY 1998, due to the progress made on implementation of the Alaska Power Administration Asset Sale and Termination Act. This progress allows for a reduction in administration and continuing operations and maintenance costs. All funds requested to support APA's transition and termination are included in the Transition and Termination activity and all normal operations and maintenance costs are included in this Program Direction activity. Changes within the major categories are detailed below:

- Decrease of \$1,631,000 in Salaries and Benefits is due to the significant reduction in the number of Federal staff necessary to continue both remaining operations and maintenance and the transition and termination efforts, as well as the potential use of employee details or other alternative staffing arrangements.
- Decrease of \$168,000 in Travel is the result of fewer employees requiring travel funding as APA outside activities continue to wane.
- Decrease of \$416,000 in Support Services is the result of the near elimination of the use of outside support contracts.
- Decrease of \$785,000 in Other Related Expenses reflects the effects on staffing and related costs of the enactment of Public Law 104-58. APA considers normal operations and maintenance costs to be in direct support of APA's transition and termination. APA may need to obtain administrative and normal operations and maintenance services from other Federal and private sector agencies to deal with the increase in turnover and loss of expertise.

**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
ALASKA POWER ADMINISTRATION**

**TRANSITION AND TERMINATION**  
(Dollars in thousands)

I. Mission Supporting Goals and Objectives:

The Alaska Power Administration Asset Sale and Termination Act (Title I of P.L. 104-58) was signed into law on November 28, 1995. Under the terms of the Act and the referenced purchase agreements, APA must complete several items in order to prepare the assets for sale. At the same time, employee transition and continued program and administrative support must be provided until the Transaction Date for each project. Once both projects have been transferred, close-out activities must be supported until the termination of APA as an Administration.

The Act requires that transition plans for both projects be completed within six months of enactment. APA is actively working with the purchasers to complete the Transition Plan for the Snettisham Project and to implement the Transition Plan for the Eklutna Project. Consistent with these Transition Plans, all identified items must be completed by the Transaction Date, or, in the event of long lead-time items, be begun and a completion date agreed to. APA's FY 1998 budget request is for continued administration and normal operations and maintenance and does not include the required funds to complete these items. Funds for the Transition and Termination activity were provided in FY 1996 through an appropriations transfer from unobligated balances of the FY 1996 appropriation for the Western Area Power Administration, to support the following:

- **Preparation of Lands:** To obtain an as-built survey of the Eklutna Project transmission line and to acquire land or Rights-of-Way that APA does not already own or is not transferable to a non-Federal entity. It includes the costs of appraisals, negotiations, document preparation, recording the purchases, legal services, and cost of the land or Rights-of-Way. The Eklutna transmission line as-built survey is needed to determine the exact location of the transmission line. This was not done when the line was originally constructed in the 1950s.
- **Employee Training, Retention, Separation, and Relocation Expenses:** This will provide funding to either pay separation costs or to relocate APA employees. APA is committed to either relocating employees that obtain other Federal employment or to paying separation expenses if they do not find Federal employment. It would also provide employee training to equip employees to be better prepared to change to another vocation or to take on collateral duties at APA during the transition and close-out period. In unique situations, Retention Bonuses would allow APA to retain an employee who, if they left, would seriously delay or affect the transfer of APA assets or the closeout of the Administration.



- **Implementation of Transition Plans:** To allow APA to hire contractors or detail other Federal employees to cover specific short-term needs . This includes environmental, safety, and health or engineering items that may be identified during project inspections with the new owners. The estimates are based on environmental assessments APA has recently conducted and on items that have previously been identified. The exact cost of these items will depend on how much time APA may have to correct the items and when and where they will fit into the transition schedule. The cost of onsite contract oversight for the Eklutna rewind contract is also required. This may be an APA employee, contractor, or a Federal employee on detail.
- **Final Closeout:** This covers the cost of the APA closeout team after the Transaction Dates. Most of the work after those dates will be administrative in nature and the costs include such things as building lease, materials, and salaries. This cost is based on the FY 1995 costs to run the APA Administrative Division for a full year. The final report to Congress on APA Asset Sale and Termination, which is due within one year of the later of the two Transaction Dates, would be the final APA activity. This would also provide funding for DOE or another agency to complete APA activities that were not finished prior to final APA termination. It is likely that some contracting, administrative, and personnel issues may not be resolved within a year of the transfer of APA assets, as required in the APA Asset Sale and Termination Act.

II. Funding Schedule:

Program Activity	FY 1996	FY 1997	FY 1998	\$ Change	% Change
-----	-----	-----	-----	-----	-----
Transition and Termination	\$ 5,500	\$ 0	\$ 0	\$ 0	0%
	-----	-----	-----	-----	-----
Total, Transition and Termination	\$ 5,500	\$ 0	\$ 0	\$ 0	0%
	=====	=====	=====	=====	=====

III. Performance Summary - Accomplishments Transition and Termination:      FY 1996      FY 1997      FY 1998

FY 1996

- Secured net-billing arrangements to cover costs of non-Federal operations and maintenance of both the Eklutna and Snettisham Projects, as they transition to non-Federal ownership.
- Signed the detailed Eklutna Transition Plan on May 28, 1996, which sets the Transaction Date for transfer of the Eklutna Project at not later than November 28, 1997.
- Completed an evaluation of the potential listing of the projects on the National Register of Historic Places.
- Completed the as-built drawings and survey of the Eklutna transmission line.
- Restructured and streamlined the APA Headquarters organization to accommodate project staffing changes.

FY 1997

- Completed all outstanding issues for transfer of the Eklutna Project, including resolution of land transfer issues.
- Completed all outstanding project issues identified in the Snettisham Transition Plan, which was finalized following enactment of P.L. 104-188, which authorized the State of Alaska's use of tax-exempt private activity bonds for the purchase.
- Continued to restructure and streamline remaining APA Headquarters organization to accommodate continuing changes in the composition and expertise of remaining and detailed staff.
- Continued to assist the State of Alaska in developing their Bond Prospectus for issuance of Snettisham Project financing.
- Negotiated agreements for other DOE organizations to provide administrative support and contract monitoring for the remainder of Eklutna rewind project efforts.
- Completed preparations for the Snettisham project transfer and APA close-out activities.

III.	<u>Performance Summary - Accomplishments Transition and Termination:</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
	<u>FY 1998</u>			
	<ul style="list-style-type: none"> <li>Completed final preparations for Eklutna and Snettisham Transaction Dates, including agreements for required post-transaction activities.</li> <li>Completed and closed-out the Eklutna rewind contract.</li> <li>Executed final transfer of all APA assets on November 28, 1997, and completed the administrative termination of APA activities in Alaska by December 31, 1997.</li> <li>Began preparation of final Report to Congress on APA Asset Sale and Termination Act, with submission target date of September 30, 1998.</li> </ul>			
	TOTAL Transition and Termination	\$5,500	\$0	\$0

IV. Explanation of Funding Changes from FY 1997 to FY 1998:

- There is **no funding requested** for the Transition and Termination activity in FY 1997 or in FY 1998. All funds requested to support APA's ongoing operations and maintenance activities are included in the Program Direction activity. The \$5.5 million provided for Transition and Termination activities in FY 1996 will be the funding limit within which all remaining transition and termination activities are completed.

DEPARTMENT OF ENERGY  
ALASKA POWER ADMINISTRATION

PROGRAM OBJECT CLASS SUMMARY  
(dollars in thousands)

	FY 1996 <u>Request</u>	FY 1996 <u>Transfer</u>	FY 1996 <u>Revised</u>	FY 1997 <u>Request</u>	FY 1998 <u>Request</u>
Personnel Compensation:					
11.1 Full-time permanent	\$1,676	\$1,424	\$3,100	\$1,608	\$650
11.3 Other than full-time permanent	101	51	152	101	0
11.5 Other Personnel compensation	<u>75</u>	<u>75</u>	<u>150</u>	<u>81</u>	<u>33</u>
11.9 Total Personnel Compensation	\$1,852	\$1,550	\$3,402	\$1,790	\$683
12.1 Civilian personnel benefits	607	462	1,069	548	100
13.0 Benefits for former personnel	0	621	621	108	32
21.0 Travel and transportation of persons	261	316	577	198	30
22.0 Transportation of things	126	149	275	61	35
23.1 Rental Payments to GSA	105	0	105	117	40
23.3 Communications, utilities, and miscellaneous charges	52	0	52	65	15
24.0 Printing and reproduction	20	0	20	3	0
25.1 Other services	332	696	1,028	390	35
25.2 Purchases of goods and services from Government accounts	74	278	352	513	20
26.0 Supplies and materials	202	242	444	137	10
31.0 Equipment	614	150	764	70	0
32.0 Lands	<u>0</u>	<u>1,036</u>	<u>1,036</u>	<u>0</u>	<u>0</u>
99.9 TOTAL	\$4,245	\$5,500	\$9,745	\$4,000	\$1,000

DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
ALASKA POWER ADMINISTRATION

REVENUES AND RECEIPT REPORT  
(dollars in thousands)

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>Alaska Power Administration</u>						
Gross Receipts	\$12,340	\$11,416	\$ 8,311	\$0	\$0	\$0
Sale and transmission of electric energy at the Eklutna Project	\$3,101	\$2,585	\$ 485	\$0	\$0	\$0
Sale and transmission of electric energy at the Snettisham Project	\$9,239	\$8,831	\$7,826	\$0	\$0	\$0
Net billing amount credited as an offsetting receipt	\$-521	\$-2,500	\$-1,327	\$0	\$0	\$0
Total Proprietary Receipts	\$11,819	\$8,916	\$6,984	\$0	\$0	\$0
Percent of sales to preference customers	33%	34%	10%	0%	0%	0%
Energy Sales and Power Marketed (in billions of kilowatt hours)	0.4	0.4	0.2	0.0	0.0	0%

The increase in net billing authority in FY 1997 to \$2.5 million assumes performance of Eklutna and Snettisham operations and maintenance through net billing or other alternative financing arrangements with the purchasers/customers. APA is in the process of finalizing the Snettisham contract, which will be similar to the Eklutna contract that became effective on October 1, 1996.

Receipt estimates are based on the latest Transaction Dates allowed by the Purchase Agreements (November 28, 1997, for the Eklutna Project and August 20, 1998, for the Snettisham Project). Upon the determination of the actual transfer dates of the Eklutna and Snettisham Projects, receipt estimates will be revised accordingly.

DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
SYSTEMS STATISTICS

ALASKA POWER ADMINISTRATION

	<u>1996</u> <u>Actual</u>	<u>1997</u> <u>Estimate</u>	<u>1998</u> <u>Estimate</u>
<u>Generating Capacity:</u>			
Installed Capacity (KW)	108,160	108,160	108,160
Leasing Capacity (KW)	0	0	0
Peak Capacity (KW)	108,160	108,160	108,160
 <u>Generating Stations:</u>			
Generating Projects (No.)	2	2	2
Substations/Switchyards (No.)	5	5	5
Substations/Switchyards (KVA Capacity)	237,000	237,000	237,000
 <u>Available Energy:</u>			
Energy Generated (Megawatt-Hours)	418,000	395,000	209,000
Energy Purchased (Megawatt-Hours)	0	0	0
Energy Available for Marketing (MWH)	409,000	386,000	200,000
 <u>Transmission Lines (Circuit Miles):</u>			
115 KV	44	44	44
138 KV	<u>44</u>	<u>44</u>	<u>44</u>
Total Circuit Miles	88	88	88

DEPARTMENT OF ENERGY  
1998 CONGRESSIONAL BUDGET REQUEST  
ALASKA POWER ADMINISTRATION

POWER MARKETED, WHEELED, OR EXCHANGED BY PROJECT

<u>PROJECT</u>	<u>STATE</u>	No. of <u>Plants</u>	Installed <u>Capacity (KW)</u>	1996 Actual <u>Power (GWH)</u>	1997 Estimated <u>Power (GWH)</u>	1998 Estimated <u>Power (GWH)</u>
----------------	--------------	-------------------------	-----------------------------------	--------------------------------------	---	---

POWER MARKETED

Eklutna	Alaska	1	30,000	164	134	26
Snettisham	Alaska	<u>1</u>	<u>78,160</u>	<u>245</u>	<u>252</u>	<u>174</u>
TOTAL POWER MARKETED		2	108,160	409	386	200

POWER WHEELED  
AND EXCHANGED

WHEELED (MW)				340,000	340,000	340,000
--------------	--	--	--	---------	---------	---------

DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
PENDING LITIGATION

ALASKA POWER ADMINISTRATION

NONE